

CA086778

**SHELBY COUNTY BOARD OF COMMISSIONERS
AGENDA ROUTE SHEET**

Referred to Commission Committee: Budget
For Commission Action on: 4/28/08

**DESCRIPTION OF ITEM: RESOLUTION TO ADOPT SENIOR PROPERTY TAX
FREEZE . SPONSORED BY COMMISSIONER DEIDRE MALONE AND COMMISSIONER
MIKE CARPENTER**

CHECK ALL THAT APPLY BELOW:

☐ This Action does NOT require expenditure of funds.

☒ This Item requires/approves expenditure of funds as follows (complete all that apply):

County General Funds: \$ 485,609; County CIP Funds- \$ _____
State Grant Funds: \$ _____; State Gas Tax Funds: \$ _____
Federal Grant Funds: \$ _____
Other funds (Specify source and amount): \$ _____
Other pass-thru funds (Specify source and amount): \$ _____

Originating Department: Board of County Commissioners

APPROVAL:

Dept. Head:

(Type or print your name & phone #.) (Initials) (Date)

Elected Official:

(Type or print your name & phone #.) (Initials) (Date)

Division Director:

(Type or print your name & phone #.) (Initials) (Date)

CIP – A&F Director:

(Type or print your name & phone #.) (Initials) (Date)

Finance Dept.

Mike Swift 545-4269 \ MA \ 4-15-08
(Type or print your name & phone #.) (Initials) (Date)

County Attorney:

Thomas E. Williams 545-4749 \ TEW \ 4-15-08
(Type or print your name & phone #.) (Initials) (Date)

CAO/Mayor:

James F. Huntzicker 545-4514 \ JFH \ 4-15-08
(Type or print your name & phone #.) (Initials) (Date)

Item _____

Prepared by Thomas E. Williams

Approved by Thomas E. Williams
Assistant County Attorney

**RESOLUTION TO ADOPT SENIOR PROPERTY TAX FREEZE ACT.
SPONSORED BY COMMISSIONER DEIDRE MALONE AND
COMMISSIONER MIKE CARPENTER**

WHEREAS, on November 7, 2006, the voters of the State of Tennessee approved an amendment to Article II, Section 28 of the Constitution of the State of Tennessee to allow for the establishment of a state-wide program to provide a tax freeze for taxpayers 65 years of age or older; and

WHEREAS, the Tennessee General Assembly passed legislation outlining eligibility requirements for such tax freeze and gave municipalities the option to enact local legislation regarding its citizens; and

WHEREAS, the Shelby County Board of Commissioners believes this assistance is needed by many of the seniors residing within the boundaries of Shelby County, and it is in the best interests of the citizens of this county that such an exemption and tax freeze be approved.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF SHELBY COUNTY, That:

SECTION 1. Effective with the 2008 tax year and applicable to county real property taxes due after the effective date of this resolution, and until the Board of Commissioners of Shelby County, Tennessee shall revoke or amend this resolution, the Senior Property Tax Freeze and exemption provided in Tennessee Code Annotated, Section 67-5-705, as amended, shall be applicable in Shelby County.

SECTION 2. The Property Tax Freeze Act shall not displace any other forms of tax relief or exemptions available to aged persons in force at the time of its passage and adoption, except as expressly provided or limited by applicable laws, or rules and regulations stated in this section.

SECTION 3. As used in this Resolution, unless the context otherwise requires, the following definitions, rules and policies shall apply.

A. Rules, Regulations and Policies. This resolution adopts the Senior Property Tax Freeze Act its entirety, and incorporates both the statutory definitions and the rules, regulations, policies and procedures promulgated and adopted by the Tennessee State Board of Equalization through the Tennessee Division of Property Assessments, which have been adopted at [TN-ADC] Chapter 0600-9 of the Rules of the State Board of Equalization. Qualifications for participating and proof of eligibility as to age, income and place of residence shall be determined according to the State Board of Equalization rules where they are not in conflict with the applicable statutes. Approval for that any tax abatement or freeze shall be subject to an annual application, the specified application process, and meeting the eligibility requirements. Rules and regulations shall be in writing and made available to all persons desiring to make application.

B. Definitions. For purposes of this Resolution and application of the Tax Freeze Act:

“Application” means the form or forms prescribed by the County Trustee to be filed evidencing eligibility for participation as a senior citizen.

“Principal residence” means the dwelling owned by the taxpayer and eligible as the taxpayer’s legal residence for voting purposes.

“Rules and regulations” means those requirements set by the State Board of Equalization as to qualification and proof of eligibility for participation as a senior citizen.

"Senior citizen" means any person, any joint property owner, any husband and spouse, with a principal residence within Shelby County, who will attain the age of sixty-five (65) years on or before December 31 of the tax year for which the property tax freeze is requested.

"Taxes" means Shelby County real estate taxes.

"Taxpayer" means any homeowner, any person, any joint owner, any husband and spouse, any holder, owning real estate within the boundaries of Shelby County upon which a property tax shall become due and payable.

"Trustee" means the Shelby County Trustee.

C. Tax Freeze Established. A tax freeze for senior citizens shall be provided as follows:

1. Any Taxpayer who is sixty-five (65) years of age or older and who owns residential property as his or her principal place of residence shall pay taxes on such property in an amount not to exceed the maximum amount of tax on such property imposed in the tax year in which the tax freeze is approved for the taxpayer (tax amount not to exceed frozen tax levied, except for improvements and ineligible taxable portions of the residence).

2. Any Taxpayer who reaches the age of sixty-five (65) years after the effective date of this section who owns residential property as his or her principal place of residence shall thereafter pay taxes on such property in an amount not to exceed the maximum amount of tax on such property imposed in the tax year in which such taxpayer reaches the age of sixty-five (65) years (tax amount not to exceed tax levied for year in which taxpayer attained sixty-five (65) years of age, except for improvements and ineligible taxable portions of the residence).

3. Any Taxpayer who is sixty-five (65) years of age or older who purchases residential property as his or her principal place of residence after his or her sixty-fifth birthday shall pay taxes in an amount not to exceed the maximum amount of tax imposed on such property in the tax year in which such property is purchased (tax amount not to exceed tax levied for year in which taxpayer purchased property, except for improvements and ineligible taxable portions of the residence).

Provided, however, that whenever the full market value of such property is increased as a result of improvements to such property after the effective date of this section, then the assessed value of such property shall be adjusted to include such increased value and the taxes shall also be increased proportionally with the value.

D. Limitation on Eligibility. Any Taxpayer or Taxpayers who own residential Property as their principal place of residence whose total or combined annual income is in excess of the greater of the weighted average of the median household income for age groups sixty-five (65) to seventy-four (74) and seventy-five (75) or over who resided within Shelby County as determined in the most recent federal decennial census shall not be eligible to receive the tax relief provided in this section. Total or combined income means that of husband and spouse, any person, any joint owners or holders of record.

This limit shall be adjusted by the comptroller of the treasury to reflect the cost of living adjustment for social security recipients as determined by the social security administration and shall be rounded to the nearest ten dollars (\$10.00). The adjusted weighted average median household income level shall be published by the comptroller annually.

E. Termination of Tax Freeze. This Program can be terminated by resolution adopted by the Shelby County Board of Commissioners as provided in Tenn. Code Ann. Sec. 67-5-705. The clerk of the legislative body must file a copy of the resolution terminating the program with the Division of Property Assessments within 45 days of adoption. The County Trustee shall remove all taxpayers under the tax freeze program for the tax year subsequent to the year in which the resolution terminating the program is adopted.

SECTION 4. BE IT FURTHER RESOLVED, that the provisions of this Resolution are hereby severable. If any of these sections, provisions, sentences, clauses, phrases, or parts are held unconstitutional or void, the remainder of this Resolution shall continue in full force and effect.

SECTION 5. BE IT FURTHER RESOLVED BY THE SHELBY COUNTY BOARD OF COMMISSIONERS, that this Resolution shall take effect from and after the date it shall have been passed by the Board of County Commission, and certified and delivered to the Office of the County Mayor in writing by the Minutes Clerk of the County Commission, and shall take effect as provided herein, and becomes effective as otherwise provided by law.

SECTION 6. BE IT FURTHER RESOLVED BY THE SHELBY COUNTY BOARD OF COMMISSIONERS, that any person or taxpayer who knowingly provides false information concerning that person, any other person or a taxpayer in the application process, or provides other false information relative to eligibility for the program commits a Class A misdemeanor under state law, and may be punished there under, as well as disqualified from further participation in the Tax Freeze Program.

A C Wharton, Jr., County Mayor

Date: _____

ATTEST:

Clerk of County Commission

ADOPTED: _____

SUMMARY SHEET

I. Description of Item

Resolution To Adopt Senior Property Tax Freeze.

II. Source and Amount of Funding

Any outlay of funding includes the expenses of administering the Program, including information and application forms. The costs of determining eligibility and maintaining the Program are budget costs determined by the Shelby County Trustee and the Assessor of Property, who will provide certification and assessment information for the calculation of the base tax amounts. More significant is the amount of taxes exempted by the program, or which Shelby County foregoes from contributing to the county tax base.

The initial startup and recurring costs, and the taxes exempted are attached as Exhibit 1.

III. Contract Items

N/A

IV. Additional Information Relevant to Approval of this Item

This item adopts the Senior Citizens residential Property tax Freeze Act for persons age sixty-five (65) years and older, as authorized by Tenn. Code Ann. § 67-5-705. The approval criteria would be consistent with rules, regulations and policies adopted by the State Board of Equalization through the Tennessee Division of Property Assessments, would be administered by and through the Shelby County Trustee, including disseminating, reviewing and approving applications for eligibility. The County Trustee, with any requested assistance from the State Comptroller, would also determine eligibility, revisions of base tax amounts, and revocation of eligibility. The County Trustee would also maintain records and application forms, which must be kept confidential, make required reports to the Tennessee Comptroller of the Treasury, and collect taxes based upon the amount determined by the law and applicable rules and regulations. The County Trustee would be permitted to adopt policies that are not inconsistent with the applicable statutes and rules and regulations previously adopted by the State of Tennessee.

The propriety of continuing the program is permitted, the statute contains a sunset provision, and the tax freeze program may be revoked. However, any tax changes attributable to the revocation must take effect in the tax year subsequent to revocation of the tax freeze program.

The last section recites the state law that makes providing false information in the application process a Class A misdemeanor, and that such person may be excluded or dismissed.

Senior Citizens Tax Relief Financial Impact

Costs to implement

One time program and space costs	
Assessor	\$ 50,000
Trustee	88,830
Recurring Costs	
Assessor - 1 employee	37,630
Trustee - 5 employees	252,421
Trustee - Seasonal temporaries, postage and other operating costs	56,728
Total implementation costs	<u>\$ 485,609</u>

Impact on Property Taxes - all amounts estimated

Percentage of households over 65	18.69%
Percentage of households over 65 under \$31,500 income limit	58.60%
Impact on penny value for any tax rate increase:	
State calculation	\$ 88,849
Trustee calculation	\$ 93,232
Rounded average	\$ 90,000

To provide the \$29 million needed to balance the FY2009 budget would require an 18 cent tax rate increase. Implementing Senior Citizen Tax Relief would increase the requirement to 19 cents.

Estimated impact over time:

Tax rate increase 1999 through 2008	\$ 1.22
Round average impact form above per penny	\$ 90,000
Total impact over 10 years on property taxes billed	\$ 10,980,000